

House File 2023 - Introduced

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A BILL FOR

1 An Act exempting from the computation of the individual and
2 corporate state income taxes broadband grants received by
3 communications service providers, and including effective
4 date and retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2020, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 18. *a.* Subtract, to the extent included,
4 the amount of a federal, state, or local grant provided to
5 a communications service provider, if the grant is used to
6 install broadband infrastructure that facilitates broadband
7 service in targeted service areas at or above the download and
8 upload speeds.

9 *b.* As used in this subsection, "*broadband infrastructure*",
10 "*communications service provider*", and "*targeted service area*"
11 mean the same as defined in section 8B.1, respectively.

12 Sec. 2. Section 422.35, Code 2020, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 26. *a.* Subtract, to the extent included,
15 the amount of a federal, state, or local grant provided to
16 a communications service provider, if the grant is used to
17 install broadband infrastructure that facilitates broadband
18 service in targeted service areas at or above the download and
19 upload speeds.

20 *b.* As used in this subsection, "*broadband infrastructure*",
21 "*communications service provider*", and "*targeted service area*"
22 mean the same as defined in section 8B.1, respectively.

23 Sec. 3. REFUNDS. Refunds of taxes, interest, or penalties
24 that arise from claims resulting from the enactment of this
25 Act, in the tax year beginning January 1, 2019, but before
26 January 1, 2020, shall not be allowed unless refund claims
27 are filed prior to October 1, 2020, notwithstanding any other
28 provision of law to the contrary.

29 Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate
30 importance, takes effect upon enactment.

31 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies
32 retroactively to January 1, 2019, and applies to tax years
33 beginning on or after that date.

34 EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill relates to state taxation of broadband grants
3 provided to a communications service provider. Under the bill,
4 a communications service provider given a federal, state, or
5 local broadband grant may exclude from the computation of
6 the individual or corporate state income tax, as applicable,
7 the amount of the grant to the extent the grant is subject
8 to federal individual or corporate income tax under section
9 118(b)(2) of the Internal Revenue Code, if the grant is used
10 to install broadband infrastructure that facilitates broadband
11 service in targeted service areas at or above the download and
12 upload speeds specified in the definition of targeted service
13 area in Code section 8B.1.

14 The bill defines "broadband infrastructure", "communications
15 service provider", and "targeted service area".

16 The bill permits refunds of taxes, interest, or penalties
17 arising from claims resulting from the enactment of the bill
18 for broadband service grants that were taxable during the tax
19 year beginning January 1, 2019, but before January 1, 2020, and
20 requires such claims to be filed prior to October 1, 2020.

21 The bill takes effect upon enactment and applies
22 retroactively to tax years beginning on or after January 1,
23 2019.